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OFFICE OF STRATEGIC SERVICES
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PRELIMINARY ANALYSIS OF THE QUESTION OF A PARTITION OF GERMANY

I. Particularism and Separatism in Germany

II. A Possible Regional Partition of Germany (maps only)

III. Economic Consequences of a Partition

Description

An examination of the decentralizing tendencies in Germany and their prospective strength and significance after the breakdown of the Nazi system; major regional units into which Germany might conceivably be divided; the economic structure of those regions and economic problems that would result.

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Note

This paper is confined to a discussion of those decentralizing forces in Germany which have the support of at least a part of the German population. It does not deal with secessionist movements which are derived from the existence of national minorities within the boundaries of the Reich (for example, Poles in Upper Silesia and Pomeralia, Danes in Northern Schleswig).

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Summary

The decentralizing tendencies which have been operative in Germany since 1900 are either particularist or separatist: particularism tends toward greater autonomy for certain regions within the framework of the Reich, while separatism aims at secession from the Reich. Separatism was never a native German movement and could emerge at all only with the help of foreign powers.

Particularism was originally the struggle of the individual German States (Länder) against the predominance of the semi-feudal Prussian bureaucracy in the Reich. When the dynasties of the various Länder collapsed in 1918, particularism was gradually losing its original basis. The accelerated social and economic integration of Germany made the State units increasingly artificial. In these circumstances, particularism became chiefly a convenient means for extreme rightist or extreme leftist groups to pursue their own special policies against the Reich Government; particularism was used as a weapon in the struggle between reaction and revolution.

Much the same situation may be expected following the cessation of hostilities in the present war. Although the Nazi regime has completed the centralization of German society, with the collapse of totalitarian controls it may be assumed that particularist forces will emerge. No significant indigenous movement toward separatism is to be expected. Separatism might have an appeal to some industrial and financial interests of Western Germany, in the hope of securing preferred treatment from the western powers and to provide a defense against leftist influences from the Russian zone of occupation. It is more probable however that these motives would not lead farther than particularist demands for marked regional autonomy. Any strengthening of these tendencies would play into the hands of the very forces that have always opposed a thorough democratization of German society and at the same time would greatly

intensify any antagonisms between the Western powers on the one hand and Russia on the other.

This is not to say that the regional organization of Germany will necessarily be unchanged. In view of the elimination by the Nazis of Prussia as a political and administrative unit, one may expect a reorganization of the administrative divisions of the Reich in which increased administrative autonomy of the regions might strengthen democratic developments.

An examination of the economic consequences of a partition of Germany gives strong confirmation to the conclusion concerning separatism derived from purely political considerations.

There is such a high degree of industrial and agricultural specialization within the various regions of Germany that a partition would leave each part economically dependent on the others, as well as on the outside world. To the extent that economic barriers were erected among the various regions, their economic prosperity would suffer; duplication of facilities would be expected, with unutilized capacity in present areas of high concentration of particular industries. During the period of readjustment, serious disruptions would arise from attempts at self-sufficiency and financial independence. To a certain extent, the erection of barriers among the regions would strengthen trade between each of these regions and the outside world but would also intensify competition in foreign markets and increase the tendency for dumping.

The intimate intermeshing in both industry and transport throughout the regions of Germany, on the other hand, would very likely lead to concerted attempts to maintain the present system of close interdependence. If successful, such a degree of economic interdependence would largely nullify any legal forms of political partition.

Note. Similar views on the weakness of indigenous separatist

trends within Germany are to be found in the following British studies:

1. The Problem of Germany, interim report by a Chatham House Study Group, London, 1943 p. 36.
2. "The Weakness of Separatist Feeling in Germany," PID (German and Austrian Intelligence Section), 28 Dec. 1943.
3. "Separatist Feeling in Germany," executed by Military Intelligence Division, W.D.G.S.

PRELIMINARY ANALYSIS OF THE QUESTION OF A PARTITION OF GERMANY

I. PARTICULARISM AND SEPARATISM IN GERMANY

A. Introduction

The national unification of Germany was achieved in spite of strong decentralizing forces, which continued active throughout the period of the Empire and the Weimar Republic, although their significance steadily declined. These forces have subsided under the totalitarian centralism of the Nazi regime, but they may be expected to revive as soon as the Nazi controls disintegrate.

The decentralizing tendencies in modern Germany have emerged in two chief forms:

1. The endeavor of the individual German States (Länder) to maintain or increase their autonomy within the framework of the Reich.
2. The movement in certain territories toward State autonomy (especially the Rhineland and, to a lesser degree, Hanover and Silesia).

Insofar as these tendencies moved towards greater autonomy within the union of the Reich, they are called particularism; insofar as they exceeded this limited aim and approached the idea of secession from the Reich, they are termed separatism. The particularist tendencies originally stemmed from cultural differences and were maintained by a rather strong political and administrative tradition; however, these forces were increasingly overborne by the social and economic integration of Germany. Separatism, on the other hand, never had any sizable support among the German population and came temporarily into prominence only under the particular conditions of the Rhineland occupation after the first World War and with the help of the French authorities.

Wherever the decentralizing tendencies became an actual force, they identified themselves with the struggle of the individual States (Länder) against the predominance of the central power (Reich) or the

Prussian power. In other words, particularism followed the established boundaries of the individual States and the established constitutional and administrative organization of the Reich. Wherever particularist movements could not be centered around such an established structure, they never transcended the stage of abortive political manoeuvers (as in Hanover and Silesia). The only apparent exception is Rhenish separatism, which was the result of the peculiar coexistence of military occupation and revolution.

The persistent constitutional and administrative limitation of particularism in Germany is indicative of a very significant fact: the decentralizing tendencies in Germany do not correspond to and are not founded on the cultural and economic divisions of the Reich. At the present stage of economic development, none of the German States constitutes an economic unit: all are interdependent to such an extent that their "sovereignty" would amount to a disruption of the whole German economy. Nor do the State boundaries follow the cultural boundaries of the various regions of the Reich; most of the central German States are parts of the same cultural and "tribal" unit.

Bavaria, Württemberg, and Baden cut across cultural as well as religious divisions, and comprise predominantly Catholic and Roman as well as Germanic civilization. The Rhineland, on the other hand, which forms such a strong cultural unit, never became autonomous State within the Reich, but was distributed among Bavaria, Baden, Hesse, and Prussia. Prussia, which withstood so effectively all particularist movements, embraces such heterogeneous territories as East Prussia, Westphalia, Hesse, and Lower Saxony.

The cultural and historical differences within the Reich can thus hardly be singled out as the driving force behind the particularist and separatist tendencies. Moreover, it has been frequently pointed out that these differences have long since largely cancelled each other, primarily because of the social and economic integration of the Reich.

If, despite this state of affairs, the decentralizing tendencies

in Germany continue to persist, they must be kept alive by forces other than cultural and "tribal" tradition. These forces are to be found in the interests of certain social and political groups which may use particularism and separatism as a means to maintain or increase their status and position. German particularism and separatism are weapons in the struggle between conflicting social groups and interests. In order to evaluate the prospective strength of particularism and separatism at the end of the war, these movements must be viewed in their social context.

B. Historical Survey

1. The Empire. Under the Empire, the decentralizing tendencies were chiefly supported and directed by the bureaucracies of the individual German States and by the Catholic Center Party.

In the South German States, the ties between the local Court and the population were far stronger than in Prussia. In the relatively small territories of Baden, Württemberg, and Bavaria, the dynasties and their bureaucracies shaped the local social and economic life to a much greater extent than was the case in Prussia. These States long before the first World War had liberal constitutions which gave the industrial and commercial bourgeoisie a political status corresponding to its economic position. The constant struggle of the States against Prussian predominance was not only for the vested interests of the established dynasty, but also a fight against the constitutionally entrenched prerogatives of the Prussian Junkers. Hence, the Prussian Junkers considered the incorporation of the South German States into the Reich as a threat to their political monopoly, and they reluctantly endorsed Bismarck's policy of unification.

In spite of the anti-Prussian tendency of particularism, however, the struggle between States' rights and centralization was by no means a struggle between liberalism and Prussian reaction. The forces which strove most consistently for the democratization of German society were not the particularist forces (which remained tied up with the interests of the small regional dynasties and bureaucracies), but those which opposed particularism as well as

Prussianism. The German labor movement, for example, regarded the centralization of the Reich as the essential condition for social and political progress. The great industrial centers, which were naturally the centers of the labor movement, were situated north of the Main. German economic development, which drew the regional industries increasingly into the orbit of these centers, made the cause of particularism an obsolete one.

Fear of the growing labor movement was one of the reasons which drove German Catholicism, for a considerable period of time, to the side of the decentralizing forces. Moreover, the Catholic Church and its political arm, the Center Party, supported the decentralizing tendencies because they saw in the centralization of the federal power under Prussian predominance a serious threat to the interests of the Catholic minorities in Germany. During the period of the Kulturkampf, the Center Party, by protecting the cultural interests of the Poles and Alsatians, appeared as a champion of the Reichsfeinde. It was closely affiliated with the Catholic dynasty of the Wittelsbachs in Bavaria, and the Center Party remained one of the strongest forces behind Bavarian particularism. After the Party's victory over Bismarck, however, the Center was increasingly drawn into the orbit of the centralistic forces.

2. The Weimar Republic. The World War accelerated the administrative unification of Germany. This process resulted from the need for a unified military administration, a centralized tax system, and central directives in industrial and labor policy. In general, the same tendencies continued under the Weimar Republic, although Hugo Preuss' attempt to lay the constitutional framework for a complete reorganization of the Reich disregarding the traditional State rights did not succeed. Even foreign powers seemed to recognize the need for centralistic reorganization of the Reich. External attempts to revive the old pre-1919 structure of the Reich were surprisingly few and weak. French demands that the peace negotiations be conducted not with a representative of the central German government, but only

with the representatives of the individual States, failed because of instantaneous Anglo-American opposition. No attempt was ever made to prohibit the existence of a centralized Reichswehr by forcing on Germany the rule of the Bismarck constitution which left the administration of the army in the hands of four Federal States. The only official attempt to influence Germany's internal structure was the installation of a French embassy in Munich. In the first years of the Republic this permitted France to play a hand in Bavarian politics, but it was withdrawn in 1925 when nationalist sentiment in Germany reached such a high pitch that the embassy's continued existence would have done more harm than good. External pressure for decentralization was thus restricted to unofficial French support of the various separatist movements which came successively to the fore in the Rhineland in 1918 and 1923.

After the downfall of the various dynasties in the German Länder in 1918, and owing to the progressive economic centralization of the Reich, the only important groups which still retained a vested interest in the continued existence of autonomous individual States were regional business interests and the State bureaucracies. They played an important role in particularist policy and propaganda. After 1918 the Prussian bureaucracy gained the support of the new Social-Democratic ministers in its endeavor to keep Prussia from disintegrating. They saw in the unity of Prussia the foundation for the functioning of the central power, and in this power the only instrument for defeating the radical movements of the left in the Länder which endangered the unity of the Reich. At the same time leftist Socialist political leaders, like Eisner in Bavaria and Zeigner in Saxony, insisted on greater State autonomy for quite different reasons. They believed that self-determination of the Länder within the German Reich would provide a greater opportunity for the execution of the socialist program than a high degree of centralization. Similar considerations lay at the roots of the program of January 1919 issued by the

Braunschweig Workers' Council. The program advocated the establishment of a number of Socialist Republics ready to join the German Reich only if the latter had a decidedly Socialist policy based on the Council system, and insisted at the same time on the right of the various Republics to declare themselves independent of the Reich if it did not follow such a policy. Retention of independent statehood thus became a technical device for carrying out a radical program of socialist reform.

On the other side of the fence were those elements advocating various shades of secessionism as the best means to avoid the consequences of the defeat and to prevent the threat of socialism. At various moments between 1919 and 1923, certain industrial, financial, and clerical circles showed considerable interest in the establishment of an independent Rhineland whose relation to the rest of Germany would have been quite indefinite.

The Rhineland movement illustrates most strikingly the extent to which particularist and separatist tendencies were used as convenient cover for the pursuit of ulterior policies by social groups. The strongest appeal of the Rhenish movement was the prospect of avoiding the consequences of the defeat and of saving the Rhineland from the "Bolshevization" threatening from Berlin. The drafts of the "constitution" of the new state contain even at that time the basic features of the National Socialist program. The industrialists who are most frequently mentioned as sympathetic to the movement are Stinnes, Otto Wolff, Albert Vögler, and Klöckner; the last three later became ardent supporters of Hitler. Furthermore, the Rhenish separatists were backed by the right wing of the Center Party, which feared the radical religious policy of the socialist ministers in Berlin. This support was withdrawn when the Berlin government committed itself to a decidedly conservative policy.

Under the Weimar Republic, the traditional conflict between centralistic and decentralistic forces thus became a conflict between divergent social groups and interests. This is evidenced further

by the events of 1923. In this year, violent clashes took place between the Reich government and the governments of a number of individual States which had attempted to follow policies widely at variance from those of Berlin. Yet the conflicts between the Reich and Thuringia and Saxony, although formulated in terms of the constitutional rights of the Reich and the Länder, can hardly be understood as a conflict between particularism and centralism. The labor governments in both States were not less devoted to centralism than their friends in other parts of the Reich. Yet they wished to avail themselves of the existing State rights as a convenient means toward the realization of their radical political program. If they had been victorious, a complete reorientation of German politics would have resulted.

The same holds true of the Hitler Putsch in 1923. Hitler and his immediate followers in Munich were no more devoted to particularism than was the left-wing in middle Germany. They merely considered Bavaria as a propitious starting point for a nationalist march on Berlin. To this end the native particularist forces entered into an uneasy alliance in order to organize a crusade against "red Berlin." Only after the initial impetus of the Hitler putsch was dissipated under the volleys of the Bavarian police did native Bavarian particularism gain separate importance. After some initial flirtation with more far-reaching programs of independence, the dominant Bavarian People's Party (which had split off from the Catholic Center Party) settled down to the cultivation of a specific Bavarian particularism. But although it enjoyed the support of the Bavarian episcopate, its regional and social basis was too narrow to achieve much under the Republic. It gave up entirely with only a few verbal protests after Hitler's rise to power.

The Catholic Center Party, after some initial hesitation in 1918, put its weight on the side of those who resisted a loosening of the organizational structure of the Reich; this was not due, however, to a predilection for centralist government. It sprang from

the conviction of the Party leadership that collaboration with the Reich government would best bring about an increase in the power of German Catholicism and prevent radical changes in Germany's social structure.

C. Evaluation of Prospective Particularist and Separatist Strength

At the end of the present war and with the breakdown of the totalitarian controls, the decentralizing tendencies aiming at greater regional autonomy within the framework of the Reich may again emerge. Here again the primary motive is likely to be opportunistic: the hope for special treatment at the armistice or peace conference by putting the blame for the war and the crimes of the Nazi regime on the Prussian bureaucracy. Tendencies in this direction are already reported, especially from Bavaria and from the Rhineland. However, this opportunistic attitude seems to be only one element in the reawakening of German particularism. Many people apparently blame the centralized Reich bureaucracy in Berlin for the misfortunes of the war and see in the restoration of smaller autonomous political units as assurance against the recurrence of the spirit of 1933 and 1939. Moreover, enough of the vested interests of the old States remains to lend weight to particularist tendencies: there is still a local bureaucracy in Württemberg, Baden, Hamburg, etc., and the regional business interests are still articulate enough to provide a structure for such movements. These forces may be strong enough to restore the former political and cultural autonomy of the larger German States on a popular basis within the framework of the Reich. This would hold true for the South German States, for Hesse, the free cities of Hamburg, Bremen and Lübeck, and possibly for Saxony and Oldenburg, but probably not for the other former Länder, where the political and economic development of the last decade has apparently dissolved the old regional interests.

In the Rhineland and in Westphalia, which did not have the status of Länder, the situation will again---as after the first World War---depend on the attitude of the Ruhr industry and of the Catholic Center Party. Their attitude will be largely determined by

the relations between the Western powers and Russia, and by the policies of the occupation. If revolutionary social and political trends should prevail in Central and Eastern Germany, these groups may be expected to promote any movement for the greater autonomy of Western Germany.

On the other hand, the very fact that Germany is divided into zones of occupation and into spheres of influence will, as a natural reaction, strengthen the sentiment of national unity. The unifying tendencies have been strengthened under the Nazi regime, especially by the thorough integration of the entire economic and social life---by the subordination of industry and commerce all over the Reich to the few giant concerns which form the nucleus of the war economy, by the large-scale migration of the population as a result of the air war, and finally by the ubiquitous character of the Nazi bureaucracy which (far from being predominantly Prussian) has drawn its members from all parts of the German Reich. Conversely, the opposition to the Nazi regime has at no time been particularist, but on the contrary has been national in character.

Under these circumstances, the decentralizing tendencies in post-war Germany will have a chance of success only in alliance with other and stronger forces which will be released by the collapse of the Nazi state. Thus, particularism and separatism more than ever will become instruments in the struggle between groups striving to restore or maintain the status quo and other groups desiring drastic social changes.

It is in this context that the occupation policy will play a most decisive part. If, for example, the Western powers follow, in their respective territories, a policy of favoring the old and established bureaucracy and ruling groups, while the Russians promote fundamental social and political changes, the movement for making Western and Southern Germany autonomous states and for building them up as a bulwark against Bolshevism would find powerful

support among certain strata of the German population. This movement would be promoted particularly by the great industrial interests in the Ruhr, the Saar, and in Central Germany; they may even be willing to accept a partition of the Reich if it increases the anti-Bolshevist forces. They may be joined by influential elements of the Center Party which may find in such a partition not only protection for the interests of the Catholic Church against Communist attacks but also the prospect of a State with a predominantly Catholic population. These groups are most likely to use the traditional State lines for the building up of autonomous regions or divisions, but it is also possible that they may prefer larger territorial units. These might fall into the following patterns: in South Germany a combination of Baden, Württemberg, and Bavaria; in the West, the Prussian Rhine province, the Saar, parts of Hesse, and the Ruhr region; in the North West, the Hinterland of the Hanse towns (i.e., the Prussian provinces of Hanover and Schleswig-Holstein) and Oldenburg.

The decentralizing tendencies in Germany at the end of the war thus seem to be inevitably implicated with attempts to create and utilize antagonisms between the Western powers on the one hand and Russia on the other. This in turn is bound to strengthen the inducement which particularism may offer to conflicting social groups in Germany. Once again, as happened after the first World War, the insistence on State or regional autonomy may become a convenient cover for the protection of vested interest from threatening social changes, or a blind for attempts to consolidate a revolutionary dictatorship in a particular region after it has failed to materialize on a national level.

Under the conditions of military occupation (which practically preclude the establishment of revolutionary governments on the national level) the first, conservative, form of particularism is much more likely to occur than the second. There is therefore great danger that a strengthening of particularist and separatist tendencies in post-war Germany will play into the hands

of the very forces which have always violently opposed a thorough democratization of German society.

The actual organization of the Reich today is at variance with the legal situation. Though Prussia exists in law, it has, under the Nazis, utterly disappeared as a political as well as an administrative unit. The present Länder are mere administrative agencies of the Reich with a status similar to that of the Prussian provinces.

In view of this, a reorganization of the Reich may be expected, and intelligence shows that many groups in Germany desire it. Such a reorganization, however, is likely to be carried out only if the Reich continues to exist as a national and political unit. It may lead to a grouping of the present administrative units (Länder and Prussian provinces) into four or five regions -- the Rhenish-Westphalian region, the Northwestern territory, a Central and perhaps an Eastern region. South Germany could either form one unit, or retain the old State boundaries. These regions may be given greater administrative autonomy than the present Länder now possess.

Such development, which would combine political unity and more administrative deconcentration, may not impair, but even strengthen democratic developments in Germany.

D. Conclusion

The particularist tendencies in Germany have been steadily losing ground in the face of the social and economic integration of the Reich. This integration, which has been greatly accelerated by the Nazi regime, has made the various regions of Germany so interdependent that their separation would disrupt the whole economic life of the Reich. Moreover, because of its diminishing economic and cultural basis, particularism has increasingly become a mere device to further the special interests of conflicting social groups on the extreme right and the extreme left.

With the collapse of the totalitarian Nazi controls and with

Germany's military defeat, particularist tendencies may again come to the fore. The division of Germany into occupation zones is likely to aggravate the danger that particularism will be used by the reactionary as well as radical groups in Germany for creating antagonisms between the Western powers on the one hand and Russia on the other. The democratic forces in Germany, and especially the German labor movement, may be expected to be decidedly anti-particularistic -- as they have always been.

II. POSSIBLE REGIONAL SEPARATIST UNITS

Note: The division, based primarily on political considerations, was prepared as a basis for analyzing the Economic Situation that might result. It is in no way intended as either a recommendation or even as a prediction of what is believed probable, but merely as a reasonable possibility in case a break-up of the Reich should take place.

The boundary of Eastern Germany on the east, is shown as problematical.

Map 1. Possible Separatist Units in relation to present political divisions.

Map 2. Possible Separatist Units in relation to population densities.

Map 3. Possible Separatist Units in relation to religious affiliation of the population.

III. ECONOMIC CONSEQUENCES OF A PARTITION

A. Introduction

In order to provide a concrete basis for an analysis of the economic consequences of a partition of Germany, the country was divided into four regions, as indicated on the accompanying map (the area east of the Oder was excluded on the basis of plans currently reported in the press). The particular division presented, based largely on political considerations, is to be regarded merely as a fairly reasonable example of what a partition of Germany might mean. The conclusions would be similar whatever division was assumed.

It is necessary before discussing the economic aspects of partition to stress the priority of political problems and attitudes. A political boundary may have no effect on economic developments, or on the other hand its effect may be tremendous. The difference depends entirely on the attitude of the governments concerned. If trade is allowed to flow freely, and if companies organized in one State are free to operate in all other States, the mere administrative division of Germany would have little or no economic significance. It can hardly be assumed, however, that the partition of Germany could be carried out in such an atmosphere of good will as to minimize the evil economic consequences. Experience after the first World War suggests that newly established countries are likely to impose limitations on freedom of trade and on international business activity, and are likely to employ all the weapons of economic warfare and discrimination. If this is the case, it is important to investigate the degree to which the four regions under consideration are economically balanced.

B. Economic Characteristics of the Region

1. Population. The four regions differ markedly in relative size of their population. By far the largest is the East Central

Region which in 1939 had a population of about 23,000,000 as presented in Table I. The greater Rhineland Region comes closely behind with a population of 19,000,000 while the Southern Region and the Northwest Region are considerably smaller at about 13,000,000 and 8,000,000 respectively.

2. Income. National income is distributed fairly closely in proportion to population as among the various regions, in spite of the fact that there is considerable geographical variation of the per capital level of income within Germany. Table II gives the 1934 distribution of net national income among the regions and districts.

3. Distribution of Gainfully Employed. In Table III is shown the distribution of gainfully employed population in the various regions. The North Central Region has a highly developed metal fabricating industry and is an important producer of textiles, clothing, machinery and metal products and electro-technical products. In spite of the fact that almost all these industries depend heavily upon the production of metal and minerals the East Central Region is very weak in the production of basic iron and steel and in the mining of minerals other than brown coal. Its trade and commerce and related services are quite well developed lying only slightly above the average for all of Germany. Although there is a lower percentage of gainfully employed in agriculture in this region than in any other of the four regions, East Central Germany is self-sufficient in grains but has important deficits of meat, fish, fresh vegetables and processed dairy products. In short, this region shows a very high concentration of final fabricating industries and appears to be markedly deficient in elementary raw materials, especially bituminous coal and basic iron and steel production.

The Northwest Region is the best developed of all four regions in trade and commerce, but its agriculture is also

Table 1. POPULATION BY SELECTED AREAS IN GERMANY
17 May 1939

		Population
I.	East Central Region	
	Berlin	4,338,756
	Brandenburg	3,007,933
	Province Sachsen	3,618,458
	Land Sachsen	5,231,739
	Thüringen	1,743,624
	Mecklenburg	900,417
	Braunschweig	583,338
	Anhalt	431,422
	Niederschlesien	3,286,539
	Sub-Total	23,142,226
II.	Northwest Region	
	Hamburg	1,711,877
	Schleswig Holstein	1,589,267
	Hannover	3,476,056
	Schaumburg Lippe	53,195
	Oldenburg	577,643
	Bremen	450,084
	Lippe	187,220
	Sub-Total	8,045,342
III.	The Greater Rhineland	
	Westfalen	5,209,401
	Hessen-Nassau	2,675,111
	Rheinprovinz	7,915,820
	Hessen	1,469,215
	Bayern l. d. Rhein	1,049,786
	Saar	842,454
	Sub- Total	19,161,797
IV.	Southern Region	
	Bayern r. d. Rhein	7,173,196
	Baden	2,502,442
	Wurttenberg	2,896,920
	Hohenzollerische Lande	73,706
	Sub-Total	12,646,264

Table II. NET NATIONAL INCOME - 1934

	(millions of RM)
I. East Central Region	
Berlin	5,155
Brandenburg	2,187
Prov Sachsen	2,692
Land Sachsen	4,575
Thüringen	1,256
* Mecklenburg	696
* Braunschweig	452
* Anhalt	336
Niederschlesien	2,284
	19,633
Income per capita (RM)	848
II. Northwest Region	
Hamburg	1,355
Schesw-Holstein	1,336
Hannover	2,684
* Schaumburg Lippe	40
* Oldenburg	447
* Bremen	351
* Lippe	144
	6,357
Income per capita (RM)	790
III. Greater Rhineland	
Westfalen	3,555
Hessen-Nassau	2,059
Rheinland	6,129
Hessen	1,043
Bayern l. der Rhein	708
	13,494
Income per capita (RM)	736
IV. Southern Region	
Bayern r. der Rhein	4,961
Baden	1,888
Württenberg	2,489
* Hohenzollern	58
	9,396
Income per capita (RM)	742

* Estimated

Table 3. Percentage Distribution of Gainfully Employed in Germany by Industry[1]

	East Central	Northwest	Greater Rhineland	South	Total Germany (Alt Reich excl. Saar)
Agriculture	19.32	26.30	20.51	34.85	25.52
Forestry, etc	.45	.61	.34	.59	.54
Coal Mining	.98	.12	4.90	.10	1.69
Iron Mining	.03	.18	.15	.09	.10
Metal or Mining	.08	.03	.08	---	.07
Other Mining	.17	.43	.05	.03	.14
Stone, Clay & Glass	2.16	1.12	1.94	2.02	1.89
Basic Iron & Steel	1.00	1.00	5.01	.63	1.88
Metal Products Mfc.	3.27	1.99	3.83	3.00	3.04
Machinery	4.45	2.32	3.82	3.10	3.49
Heavy Engineering	.12	.08	.30	.09	.16
Transportation Equipment & Shipbuilding	2.32	3.87	1.45	1.72	2.09
Electrotechnical	3.06	.97	1.26	1.66	1.86
Precision & Optical	.76	.41	.25	.93	.56
Chemical	1.69	1.30	2.03	.81	1.45
Textiles	4.89	1.20	3.01	3.30	3.31
Paper	1.01	.38	.68	.78	.77
Printing & Reproduction	1.05	.59	.58	.60	.72
Leather & Linoleum	.39	.38	.64	.53	.46
Rubber Production	.16	.71	.23	.12	.23
Sawmill & Wood	2.32	2.14	2.35	2.94	2.42
Musical Instruments and Toys	.26	.05	.01	.28	.16
Food Products	4.43	4.46	4.11	4.34	4.23
Clothing	4.65	2.78	3.87	3.83	3.87
Building & Construction	6.47	7.23	6.99	6.41	6.84
Water, Gas & Electricity	.70	.64	.60	.51	.61
Trade & Commerce)	8.71)	10.03)	8.39)	6.00)	8.03)
Related Services)	8.09)	10.00)	6.93)	5.83)	7.41)
Miscellaneous Services	16.94	18.64	15.67	14.84	16.40
Unattached	.07	.05	.02	.07	.06
Total	100.00	100.00	100.00	100.00	100.00

1. Last digits have been rounded off.

highly developed. Its textile and clothing industries are very much below the level of importance of these industries in the rest of Germany, and in the production of metal products, machinery and electro-technical products as well as such activities as making of paper and the mining of coal and metallic ores this region falls very low.

The Greater Rhineland Region, like the East-Central Region, is deficient in agriculture but unlike the East-Central Region the Greater Rhineland area is the prime source of raw materials and basic industrial products. It is the great center for the basic iron and steel industry of Germany and is responsible for a major share of German coal production. It shares with the central part of Germany a strong development in the metal fabricating and machinery industries and also leads in the importance of chemical industries. It is not especially well developed in trade and commerce and related services, at least relative to the rest of Germany.

The Southern Region is the most highly developed agriculturally and least developed industrially of the four regions here considered. Like the North-Western Region it has little or no coal resources and practically no basic metal industries. Like all the rest of Germany, however, it does have a fairly important metal fabricating industry although in this respect it must somewhat fall behind the East-Central and the Greater Rhineland regions. It is conspicuously weaker in trade, commerce, and related services than the rest of Germany.

Because of the very considerable differences in the industrial composition of these four areas the partitioning of Germany, if it were to bring with it trade barriers between these various regions would have highly disruptive effects upon the economy of Germany. Although the statistics of gainfully employed illustrate this point quite forcefully it may be seen in greater detail from the statistics of inter-regional trade in Germany, a study of which is now in progress and will be forthcoming shortly.

C. Inter-Regional Trade

German internal trade consists principally of a flow of industrial products and coal from the western and central regions to the south and east, and a reverse flow of agricultural products. The country taken as a whole is practically self-sufficient in foodstuffs but exports of finished industrial products have traditionally balanced imports of industrial raw materials such as ores and textile fibers. Of the four hypothetical regions, however, none approaches self-sufficiency. Interruption of the internal trade of Germany would create serious problems not only for the country itself but for the rest of Europe and the world at large. Isolation of the Greater Rhineland area from its normal German markets would be a particularly complicating factor in world trade. Before the war, coal from the Ruhr was exported to western Europe at prices well below those prevailing in Germany. If the German market were destroyed the pressure towards such aggressive dumping would be intensified. The same consideration holds true for iron, steel, industrial equipment and other machinery. In order to obtain necessary foodstuffs the Rhenish region will be forced to export at almost any price. The competition of such a truncated country for South American markets, for example, would be formidable.

Naturally there is a gradation of alternatives between complete disruption of the present German market and complete free trade, and the adverse economic consequences of partitioning depend on the degree to which political boundaries become economic boundaries as well.

D. Administrative and Business Considerations

Apart from the economic consequences proper, the partition of Germany would raise certain administrative problems. The spheres of authority of certain government agencies and of quasi-government agencies such as the Reichsbank, Reichspost and the Reichsbahn cut across regional boundaries. There is no reason to

feel, however, that such problems could not be rather easily solved, given the essential minimum of economic and political stability.

Similarly it would be quite easy from a legal point of view to break up those great German corporations whose activities extend over several of these regions. There would indeed be serious problems involved concerning the equitable treatment of the owners but the technical problem of forcing these components of the great industrial aggregates to function on a formally independent basis is not very serious. The practical difficulties, however, involved in the way in which the newly constituted parties will behave toward each other may be serious. To the extent that unified behavior is still possible on a national level, of course, the trouble would be very small but if barriers are set up to hamper the transaction of business or the exercise of administration across the newly constituted boundaries the whole situation would be to that extent complicated.

It may be felt, however, that if the partition of Germany is to be effective in a political sense, it must be accompanied by the partitioning of such industrial empires as I. G. Farben. Furthermore, it may appear necessary to destroy the power of manufacturers' associations and other communities of business interest that stretch across the new frontiers. This task would be immensely difficult in fact if not in form because of the intimate interweaving of control over the whole field of German industry. All the problems suggested by the inter-relationship of German corporations with Swiss and Dutch concerns would arise in intensified forms and could be met only by very drastic and persistent action.

E. Effects on German Foreign Trade

At the present time certain industries concentrated in particular regions of Germany are protected by tariffs, quotas and similar arrangements. As one result of this, these industries

stand in a preferred position in the German market relative to non-German competitors. After the partitioning of Germany these industries would be likely to stand on a par with non-German industries relative to the German market outside of the particular region in which the industries are concentrated. For example, at present East Prussian agriculture has the advantage over South American agriculture in the Rhineland market. In an independent Rhineland, however, the competition might be strictly on a price and quality basis so that the Rhineland could be expected to develop trade relationships with South America or southeastern Europe in place of the trade with East Prussia.